



The EU Energy and Climate Change Policies and Targets

EU-OPEC Energy Dialogue 6th Meeting

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Outline of the presentation



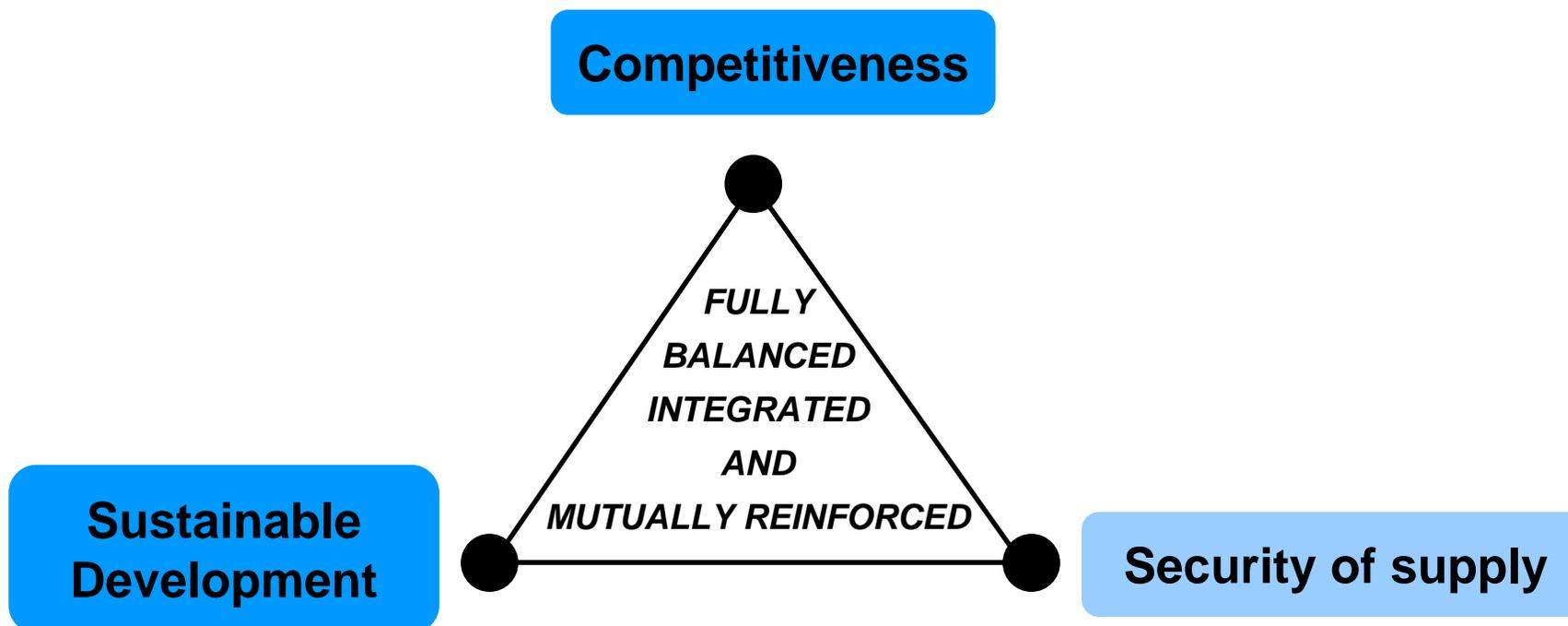
- 1. **First Strategic Energy Review** (focused on two of the pillars of EU energy policy (competitiveness and sustainable development))
- 2. **Second Strategic Energy Review** focused on the third pillar (security of supply or energy security)
- 3. The **way forward** & latest developments



1. First Strategic Energy Review



focused on two of the pillars of EU energy policy
(competitiveness and sustainable development)





- March 2007: European Council endorsed the First Strategic Energy Review with a political commitment on climate (20-20-20 objectives) and energy markets. The Strategic Review was followed by:
- **“Third Internal Energy Market Package”** adopted by Council and Parliament in Summer 2009;
- **“Energy and Climate Change Package”** *adopted by Council and Parliament in December 2008*



1.1. Third Internal Energy Market Package

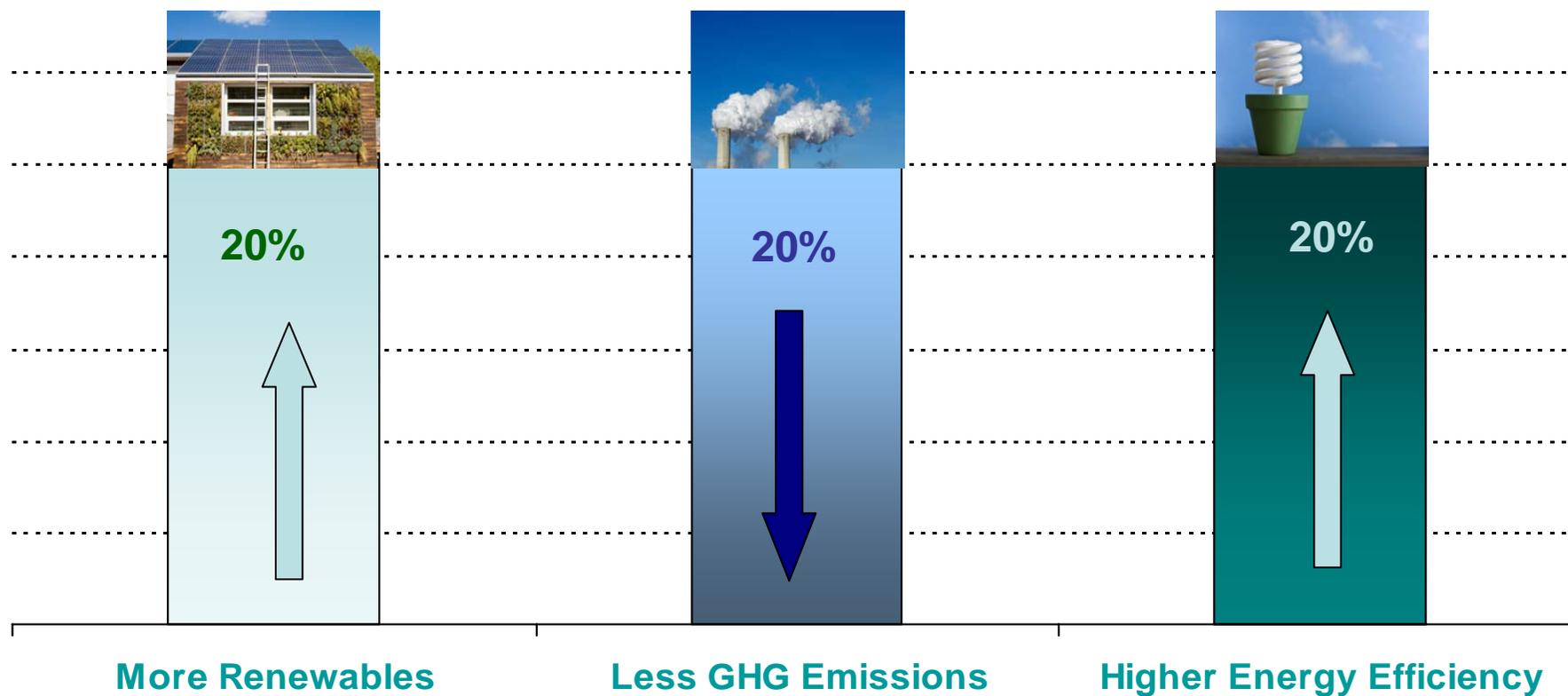


Open and competitive **EU gas and electricity markets:**

- Effective unbundling of **transmission networks (OU, ISO, ITO)**
- Creation of a EU Agency for the Cooperation of the Energy Regulators (ACER) and **stronger powers for national regulators**
- **European cooperation of TSOs in ENTSO – 10 year network development plan**
- **Specific aspects include**
 - Transparency
 - Retail market & consumer protection
 - Third country clause
 - Level playing field
- Regional solidarity: **Co-operation of Member States in emergency situations**



1.2. Energy and Climate Package “20-20-20 targets by 2020”





1.2. Energy and Climate Package



The package provides a clear stable regulatory framework;

- 20% Reduction of GHG emissions;
- 20% Renewables in EU primary energy consumption, including 10% renewable in transport (biofuels);
- Directive on legislative framework for carbon capture and storage (CCS) - adopted on January 2008 and finally agreed in December 2008;
- Communication on supporting early demo of CCS adopted on January 2008 finally agreed in December 2008.



2. Second Strategic Review



- The first Strategic Review focused on internal market and climate proposed the “20-20-20” objectives which remain valid
- The second Strategic Energy Review focused on the **third pillar “security of supply”** and proposes five priority areas:
 - 2.1 Infrastructure needs
 - 2.2 External energy relations
 - 2.3 Oil stocks and gas crisis mechanisms
 - 2.4 Energy efficiency
 - 2.5 EU’s indigenous energy resources



2.1. Infrastructure needs



Green Paper on European energy networks including the idea of an “EU Energy Security and Infrastructure instruments”

Six infrastructures priorities projects proposed:

- Baltic Interconnection Plan
- Southern gas corridor
- Liquefied natural gas
- Mediterranean energy ring
- North-South interconnections within Central and South-East Europe
- North Sea offshore grid

North Sea offshore grid

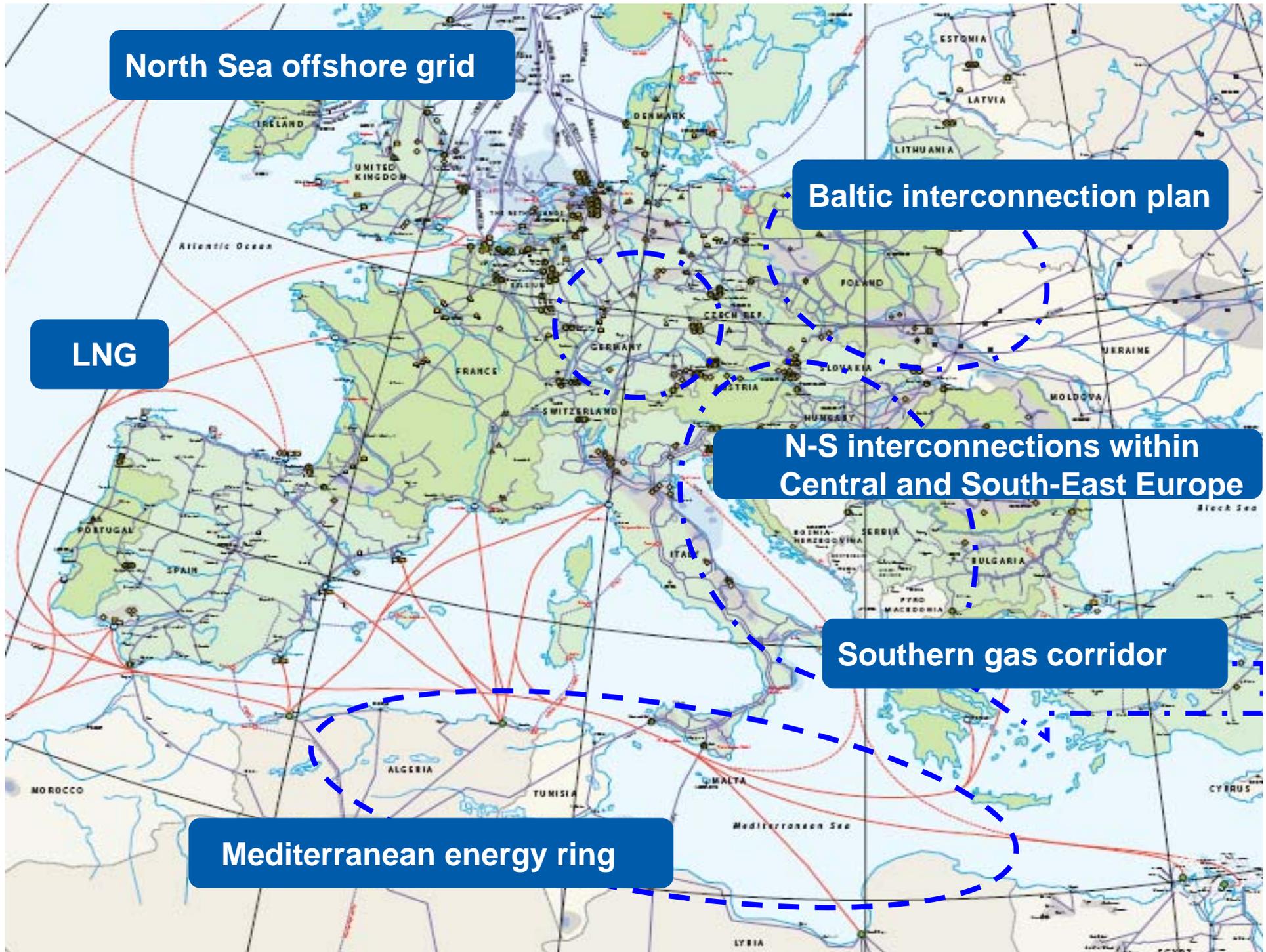
Baltic interconnection plan

LNG

N-S interconnections within
Central and South-East Europe

Southern gas corridor

Mediterranean energy ring





2.2. External energy relations



- Deepen existing energy cooperation frameworks: Norway, **OPEC**, GCC, Russia etc..
- Moving from Energy dependence to Energy interdependence (**positive message** to partner countries **security of supply and security of demand**),
- External **and** internal actions aiming at **our energy security are mutually supportive**,
- Shared interests (**solidarity**) among all Member States should allow the EU to articulate a common message on behalf of, and supported by, all Member States ("**common voice**")
- Cooperation not only on the supply side but also on demand (**energy efficiency**)



2.3. Oil stocks and gas crisis mechanisms



- **New legislation on EU** emergency oil stocks – adopted by the Council in June 2009
- **Communication on security of gas supply with a view to revising the Directive on Security of Gas Supply**
- A new Regulation is currently under preparation to deal with major gas supply crises:
 - predefined, transparent emergency plans of MS,
 - regional cooperation,
 - better transparency, rapid response and coordination mechanism at EU level



New legislation on emergency oil stocks



- **Current legislation dating back to 1968**
 - Each Member State to hold oil stocks equivalent to 90 days of consumption
- **New Oil Stock Directive adopted on 12 June 2009**
- **Objectives of the revised Oil Stock Directive**
 - To adapt to the changing circumstances
 - Approximation to the IEA system
 - Improving stock availability
 - Simplification
 - Improving transparency



Main elements new Oil Stock Directive



- **Adopting IEA methodology**
 - 90-day obligation based on net imports (not consumption)
 - but retaining current consumption-based obligation for producing countries
- **Showing preference for government/agency stocks**
 - though no obligation (flexibility retained)
- **Establishing a minimum presence of product stocks**
 - 1/3 of the obligation to be held as products
- **Clarification of the procedures for emergency situations**
 - enabling the whole EU to contribute better to an IEA action
- **Reinforced verification**
 - possibility of audits, spot checks by the Commission
- **Provisions for reporting of commercial stocks**
 - weekly frequency possible in the future



How will impact security of oil supply ?



- **The level of oil stocks is not expected to change significantly**
- **Improved assurance about the availability of stocks**
 - clarifying criteria of stocks availability
 - indicated preference for partial government/agency stocks, held as products (“specific stocks”)
 - possibility of audits/inspections
- **Better crisis management, in conjunction with the IEA**
 - adapting IEA methodology helps to establish a common basis for evaluating the emergency preparedness of MS
 - simplified/streamlined procedures for participation in IEA actions
 - possibility to involve also non-IEA Member States



2.4. Energy efficiency



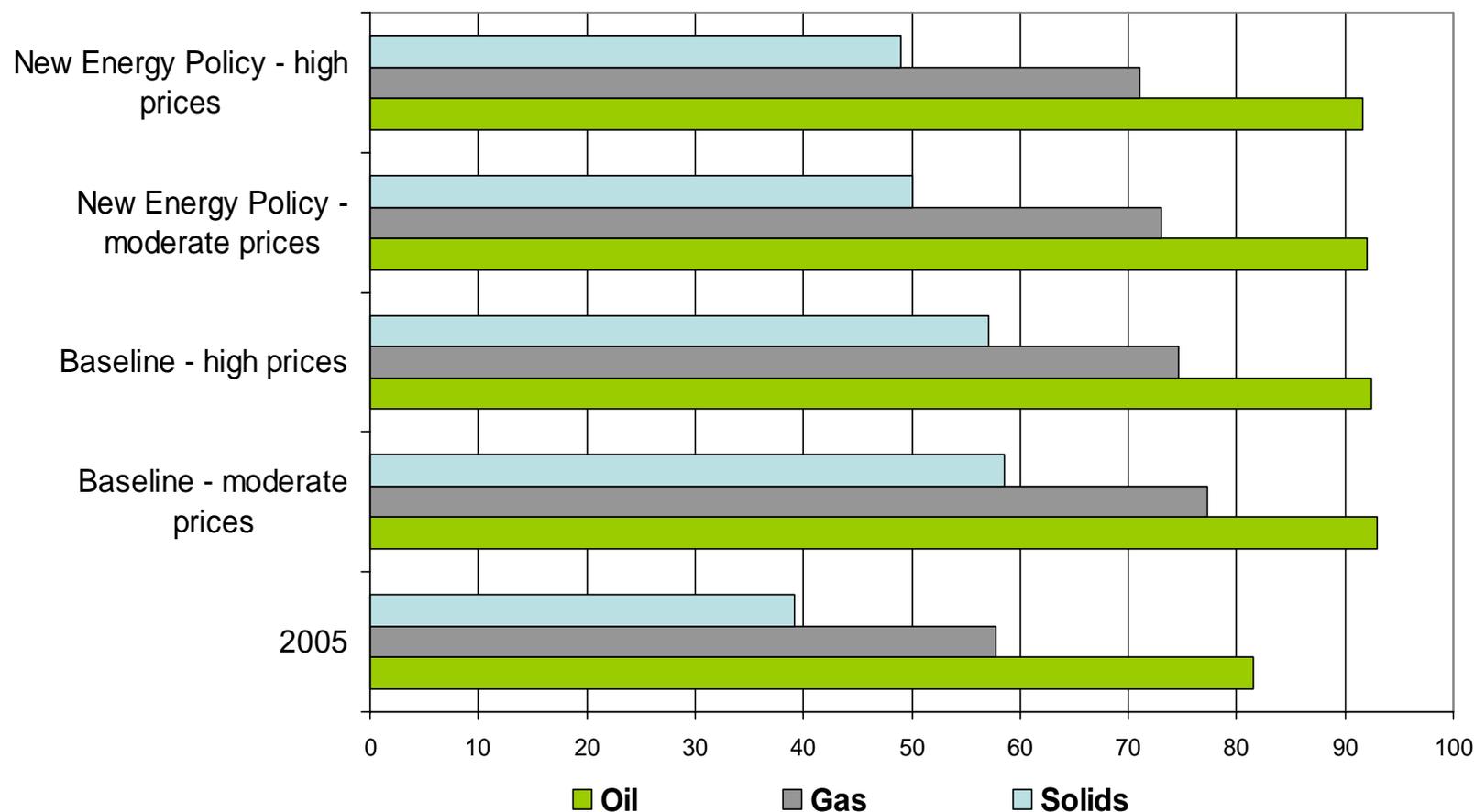
- **Energy efficiency** contributes to all three energy strategic objectives: **competitiveness, security of supply and sustainable development**
- **2008 Energy Efficiency package focused on:**
 - Energy performance of buildings,
 - Revision energy labelling/ car tyres,
 - Strengthening of the Ecodesign Directives,
 - Promotion of cogeneration,
 - Dissemination of best practices (Covenant of Mayors)
- **The 2006 Energy Efficiency Action Plan evaluated in 2009 – new Energy Efficiency Package to be proposed in 2010**
- **International Partnership on Energy Efficiency Cooperation (IPEEC)**



2.5. EU's indigenous energy resources



(in all scenarios by 2020 more than 90% oil will be imported)





EU's indigenous energy resources



- **Domestic oil declines:** in all scenarios the EU will import more than **90% of its oil needs by 2020**;
- In all scenarios **oil** will cover more than **1/3 of EU energy needs**;
- **There is a need to promote domestic production:**
 - 20% objective for renewables,
 - Encourage cost-effective and sustainable exploitation of EU fossil fuels reserves,
 - Update of the “Nuclear Illustrative Programme”



3. The Way Forward & Latest Developments



- European Energy Recovery Plan allocated approximately € 4 bn for energy infrastructure (interconnections, offshore wind and CCS);
- July 2009: new legislative proposal for security of gas supply;
- End of 2009: evaluation of the 2006 Energy Efficiency Action Plan; New Package in 2010;
- 2010: Revision of Trans-European Energy Network Guidelines;
- 2010: Roadmap towards a 2050 Energy Policy.



http://ec.europa.eu/energy/strategies/2008/2008_11_ser2_en.htm

Thank you for your attention